Brilliant Online: Introduction to Entrepreneurial Changemaking

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OSHAWA, ONTARIO

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What is This Resource?

Brilliant Online is a series of online modules designed to give aspiring entrepreneurs the knowledge and resources they need to get started. Brilliant Online focuses mainly on the ideation and validation stages of the entrepreneurial journey.

Brilliant Online was created by the Brilliant Catalyst at Ontario Tech University. Located in Oshawa, Ontario, Brilliant Catalyst is the university-based incubator and experiential learning hub on campus. Working under the leadership of the Vice-President, Research and Innovation, the Brilliant Catalyst strives to be a leader in entrepreneurial thinking in Ontario, in Canada, and around the world.

How to Use This Resource

This resource is broken up into three stages: 1) Entrepreneurship & Laying the Groundwork, 2) How to Validate and Execute Your Idea, and 3) Prototyping and Testing. Within each stage there are a series of focused modules with specific learning objectives. Within each module are more focused sections. Each module has a required reading list along with optional readings suggested in each section. The modules include pause questions, plan questions, and other activities. At the end of each module you will complete a five-question multiple choice quiz.

While you may not actively complete all the steps outlined in each module or section, consider completing the pause questions throughout to give you a better sense of your entrepreneurial vision.

How to Use This Resource as an Ontario Tech Student

If you're a student or alumni from Ontario Tech University you are eligible to receive a micro-credential for completing Brilliant Online. After completing all module content, complete this quiz in order to request your micro-credential.

Click here to learn more about micro-credentials at Ontario Tech University.

Acknowledgements

Thank You!

Thank you to everyone who contributed to this book, and to the learners for taking an interest in entrepreneurship! This book would not have been possible without numerous contributions from across our university community and beyond.

Project Managers: Connor Loughlean and Karen Zavitz

Editors: John MacMillian and Kaitlyn Watson

Special thanks to: Jasmin Pineda, Kate Gibbings, Rebecca Maynard, Silvan Murray, and Sunny Mutti

Featured Entrepreneurs (in order of appearance):

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Boyd Reid, Co-Founder and COO, HopIn Microtransit Technologies

Hanna Haponenko, Co-Founder, Axcessiom Technologies

Martin Magill, Co-Founder and CEO, Altrina AI Incorporated

Michele Young-Crook, Founder, IndigiMall.net

Sarah Butts, Co-Founder, Refind

Sinan Mohsin, Co-Founder, Restock and snippt

Nick Baksh, Director, Montrose Cannabis

Tenille Spencer, Owner, Deeply Dope Tees

OER Equal Love

Thank you to the students employed by the OE Lab for working hard to make this book a reality. Congratulations on your achievement!

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Suggested Attribution for This Work: Loughlean, Connor and Zavitz, Karen. Brilliant Online, OE Lab Edition. *OE Lab at Ontario Tech University, 2022, licensed under a Creative Commons CC-BY-SA 4.0 International License, unless otherwise noted.*

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Accessibility Features of This Resource

The web version of **Brilliant Online: Introduction to Entrepreneurial Changemaking** has been designed with accessibility in mind by incorporating the following features:

- It has been optimized for people who use screen-reader technology.
  - all content can be navigated using a keyboard
  - links, headings, and tables are formatted to work with screen readers
  - images have alt text
- Information is not conveyed by colour alone.
- All embedded videos have captions available.
- The resource is available to download in multiple formats.

Conformance Status

The Web Content Accessibility Guidelines (WCAG) defines requirements for designers and developers to improve accessibility for people with disabilities. It defines three levels of conformance: Level A, Level AA, and Level AAA. **Brilliant Online** is fully conformant with WCAG 2.1 level AA. Fully conformant means that the content fully conforms to the accessibility standard without any exceptions.

Feedback

We welcome your feedback on the accessibility of this resource. If you encounter accessibility barriers, please feel free to contact us by email at oer@ontariotechu.ca

STAGE 1: ENTREPRENEURSHIP & LAYING THE GROUNDWORK

Introduction

The dictionary defines entrepreneurship as "the activity of setting up a business or businesses, taking on financial risks in the hope of profit" (Oxford Dictionary). This definition, however, only scratches the surface of what entrepreneurship involves. Instead of being just a "business activity", entrepreneurship actually represents a unique journey.

This stage will take you through the basics of getting started with entrepreneurship and give you an idea of what to expect as you move through your entrepreneurial journey. Everyone's entrepreneurial journey will vary greatly depending on your past work experience, education, and the sector in which your start-up operates. In addition, your personal characteristics may inform your experience with entrepreneurship. You may find that characteristics such as race, religion, ethnicity, socio-economic status, and gender identity will contribute to your entrepreneurial journey.

This stage will explore some common motivations for pursuing entrepreneurship, and highlight frequent challenges that entrepreneurs face. It will also provide some useful steps to set yourself up for success.

The more business focused aspects of entrepreneurship will come later; this stage is all about getting to the core of entrepreneurship, beyond the basic dictionary definition.

Objectives

By the end of this stage, you will be able to:

- Summarize the characteristics of entrepreneurship
- Assess whether entrepreneurship is a path that's right for you
- Use the design thinking process to begin planning your venture

Activity

Before starting Stage 1, **Pause** and consider the following questions:

> **Pause**
>
> - Why are you interested in entrepreneurship?
> - What do you anticipate could be challenging for your entrepreneurial journey?
> - Who might you work with on your business idea?

Required Reading List

(In order of appearance)

Module 1.1

Krass, Pete, and Pierson Krass. "Drugs, Sex And Entrepreneurship." Forbes, August 20, 2018.
   Cutruzzola, Annemarie. "The Realities of Being a 2SLGBTQ+ Entrepreneur." Ryerson SVZ, June 29, 2020.
   Feld, Brad. "Intrinsic Motivation." Feld Thoughts, October 11. 2010
   Graham, Paul. "How to Make Wealth." How to Make Wealth, May 2004
   Winter, Dayna "The Founder's Zodiac: What Type of Entrepreneur Are You?" Shopify, February 20, 2020.

Module 1.2

Kamps, Haje Jan. "Breaking a Myth: Data Shows You Don't Actually Need a Co-Founder." TechCrunch, 26 Aug. 2016,
   Rusani, Sami. "4 Tricks To Figure Out If A Potential Business Partner Is The Right Fit." Crunchbase, 6 Mar. 2019
   Ellwood, Andy. "The Dream Team: Hipster, Hacker, and Hustler." Forbes, Forbes Magazine, 28 Aug. 2012

Module 1.3

Nichols, Jennifer and Niamh Wallace. "Design Thinking 101: Equity Centered Strategies". UX@UA Meetup, October 15, 2019.

1.1 - The Start Up Roller Coaster: Understanding the Highs & Lows

This module describes the emotional roller coaster you ride when starting a company and suggests some principles for choosing your right approach. This emotional roller coaster represents a natural part of the entrepreneurship process, and you will find other chief executive officers (CEO), founders, and entrepreneurs go through similar experiences.

This module makes a case for being intrinsically motivated and passionate about problem solving as a method for surviving the emotional ups and downs of entrepreneurship.

The module covers the following topics:

A. Romanticized CEO versus Reality CEO
B. Recognizing The Hype Cycle
C. Choosing Passion versus Profit and Risk versus Reward
D. What Type of Entrepreneur Are You?
E. What's Your Motivation?

By the end of this module, you will be able to:

- Identify the ups and downs of being an entrepreneur
- Recall various concepts associated with entrepreneurship
- Discover personal motivations for considering entrepreneurship

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Section A: Romanticized CEO versus Reality CEO

Modern media often romanticize startup founders as geniuses, visionaries, or mavericks. While becoming a chief executive officer (CEO), founder, or entrepreneur might offer the biggest buzz you've ever felt, entrepreneurship can also be a lonely activity. You may work harder than ever before, but may also spend long hours battling uncertainty. That's why embarking on this journey requires conviction and passion to both embrace the joys of succeeding in your own business, and to survive both the naysayers and the emotional ups and downs.

To highlight both sides of this perspective, here are two examples:

Romanticized CEO	**Read about the glorification of the entrepreneur**.
Reality CEO	**Read about the realities of being a founder from the perspective of 2SLGBTQ+ entrepreneurs**.

Pause

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Boyd Reid, Nick Baksh, and Tenille Spencer give their opinions on the reality of being an entrepreneur and discuss some specific challenges that they encountered on their entrepreneurial journey.

Reality CEO

The job description of a CEO is a bit of a paradox: it's both simple and complex. A CEO has five main responsibilities:

1. Set & Communicate Strategy

The CEO sets the company's strategy. Once that strategy gets established, the CEO needs to communicate their strategy clearly to everyone in the company.

Think of the startup as a ship and the CEO as the Captain. The ship and its crew want to sail from a starting point to a destination. The Captain charts the course and communicates the heading to the crew. If the crew misunderstands the direction, however, or worse decides to set their own course, the ship will lie stalled in the water. If it doesn't sink first....

Authenticity and repetition should become key aspects of how CEO's communicate to their teams. Great leaders communicate their strategy consistently and often. And if the strategy needs to change, a leader must have the confidence and authority to provide a rationale for this new direction. Ed Catmull former President of Pixar Studios summarized this concept well:

> "As long as you have been candid and had good reasons for making your (now- flawed-in-retrospect) decisions, your crew will keep rowing. But if you find that the ship is just spinning around— and if you assert that such meaningless activity is, in fact, forward motion—then the crew will balk.
>
> They know better than anyone when they are working hard but not going anywhere. People want their leaders to be confident. Andrew doesn't advise being confident merely for confidence' sake. He believes that leadership is about making your best guess and hurrying up about it so if it's wrong, there's still time to change course."
>
> Ed Catmull, Creativity, Inc.: Overcoming the Unseen Forces That Stand in the Way of True Inspiration

In the article "Here's the Advice I Give All of Our First Time Founders", First Round Capital partner, Rob Hayes, says:

> "Your job is to get great people and get the best out of them. Even if this makes you uncomfortable, you'll find that really good things happen."
>
> "As a founder, part of your job is making the rounds and asking people, 'Hey, why are you doing that?

How is that going to get us to our goal?' You want to start meaningful dialogues about this, not just so everyone keeps pulling together, but to make sure you're headed in the right direction."

2. Set & Communicate Values

A company's values inform its culture, meaning the written or unwritten rules that define how the company sells its products or services, hires its people and works with its customers. Those values are set from the beginning, and are best developed by considering some tradeoffs: Does your company value speed or accuracy? Does your company prioritize customer's interests over shareholder's interests?

   Regardless of the values your organization lives by, the CEO must communicate these values clearly to their employees. That communication can come from the CEO's words, but also from the ways they champion the organization's values in their day-to-day conduct; you may find that "lead by example" is both a cliché and a core CEO competency!

   As with communicating your company's strategy, demonstrating authenticity and using repetition can help to communicate your company's values. For example, Jeff Bezos consistently communicates Amazon's priority of putting customers' interests first, above all else. From Bezos' first shareholder letter in 1997 to today's Amazon's leadership principles, the phrase "Customer Obsession" comes up regularly.

3. Manage Finances

Startup research firm CB Insights, after conducting 101 startup post-mortems, highlights one of the reasons why startups fail: they run out of cash. Simply put, the CEO needs to keep cash in the bank account, and they can do this by:

1. Leading sales efforts and closing sales
2. Raising money from investors
3. Managing cash flow and expenses

4. Build the Team

A startup may initially be the idea or passion of one person or a group of co-partners, but eventually entrepreneurs need to recruit people to join in actualizing their company's vision. Every CEO wants to find, attract, and recruit early team members. Recruiting early team members, however, can create a difficult balancing act of:

- Recruiting people with the right skill sets at the right time needed to move the company forward
- Recruiting people who buy into the vision and align with the culture
- Convincing people to join a startup that is obviously risky, and which lacks the resources of a larger enterprise.

Here are a few quotes from Rob Hayes on early hires and building a team:

- "Growth is all about hiring the people who can give you momentum."
- "If you hate hiring, hire all your top people right away and then let them do the rest."

- "Find your lieutenants first."
- "Start small with hiring — ideally with hires who can take something off [your] plate that [you] really shouldn't be doing."
- "When you hire amazing people who are better than you at what they do, you look like a genius."
- "Don't just hire the best; hire the best people for you."
- "If you don't think you can convince amazing people to work for your company, you've got a much bigger problem."
- "If you can't convince the people you want that your startup is the best possible opportunity, then you should find something else to do. A lot of founders get caught up in comparing the package they can provide, to compensation elsewhere. But this comes back to finding the right people for you."

5. Everything else

In the world of startups, the CEO must set strategy, communicate authentically and consistently, manage cash flows, lead recruitment…and simply do whatever is required to ensure the business succeeds. In other words, you might start your day fine-tuning the CRM software, but end the day repairing the copy machine! In this article, "Black in Tech: Startup advice from Black founders who made it" Alexandra McCalla, co-founder of AirMatrix, provides some advice:

> "You have to just get in and do the work every day. It's not glamorous at all. I've done everything from filing receipts for the company, filing taxes, making decks, handling the logistics of shipping."

How to Deal With Challenges

Launching and building a company can be extremely hard, but can also be a lot of fun. Enduring the ups and downs requires staying focused, both on solving problems and on creating value for customers in a way that rewards you financially and personally. Said another way, co-founder of Lifetise, Caroline Hughes shares:

> "I've rejected the startup dogma that you have to move fast and break things, or always be "crushing it" or "killing it". I'm doing none of those things. I'm building a thoughtful, empathetic FinTech business from the ground up. It's slow going."

Optional Reading

Hayes, Rob. "Here's the Advice I Give All of Our First Time Founders."

Pinkett, Randal. "Black Faces in White Places"

Hughes, Caroline. "Why I'm Not Crushing It or Killing It in My Startup, and nor Should You."

Finkelstein, Harley "Our Image of an Entrepreneur Desperately Needs an Update"

Agarwal, Pragya. It Is Time We Acknowledged Loneliness in Entrepreneurs and Did Something about It".

Abrams, Stacey. "Lead from the Outside: How to Build Your Future and Make Real Change".

Section B: Recognizing the Hype Cycle

The 1980s rap group, Public Enemy, said it best: "Don't Believe the Hype."

Gartner, a research consulting firm, developed the "Gartner Hype Cycle" to chart the development path of new technologies as they are invented and adopted. But the Hype Cycle can also chart the challenges many entrepreneurs experience when launching a new venture. The curve of the Hype Cycle resembles the curvature of a roller coaster drop and involves five phases.
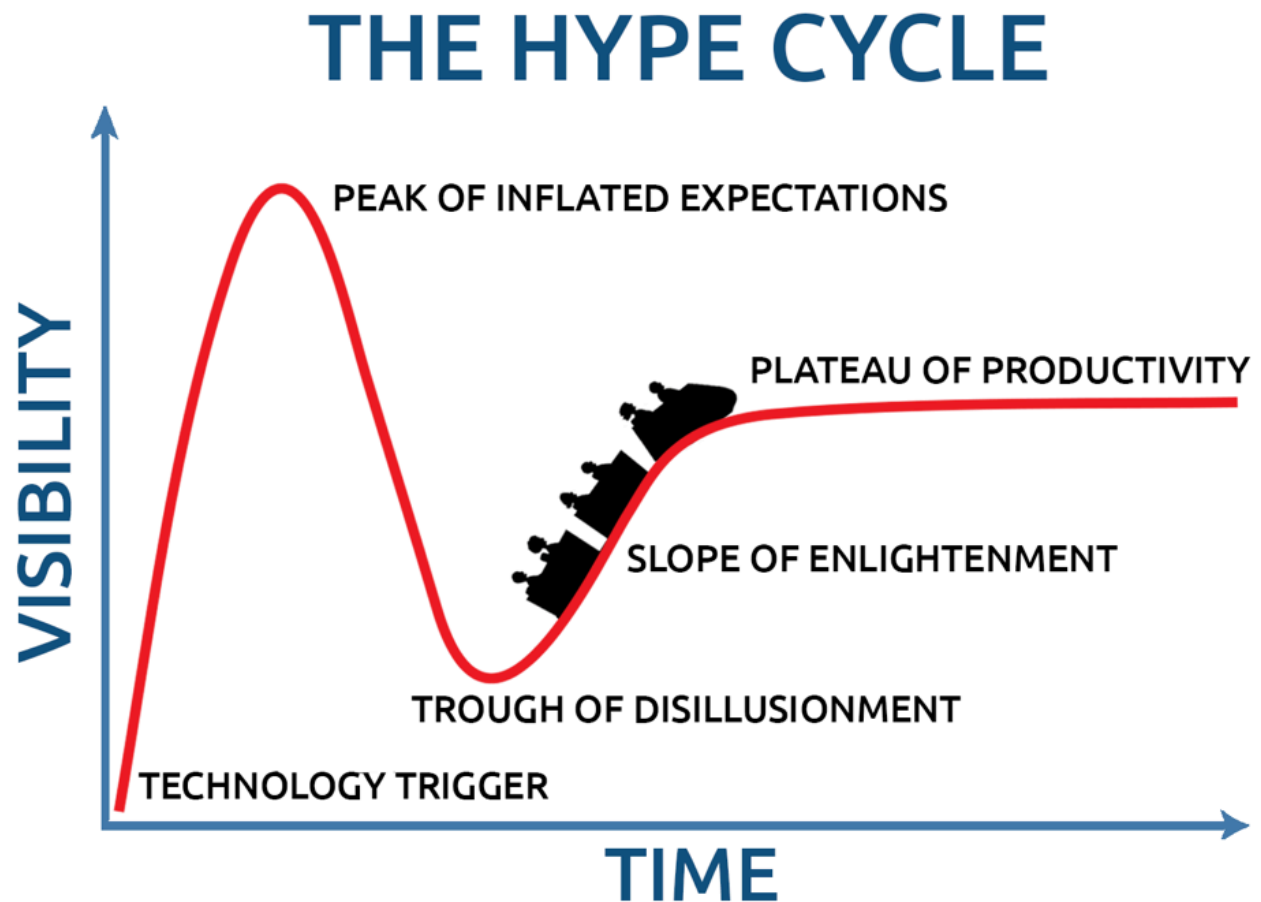
Phase 1 – Innovation Trigger

This is the big bang moment when you have an idea. Everything seems possible and it all feels exciting.

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Phase 2 – Peak of Inflated Expectations

You share your idea with friends and family who all support it. You get working on building it.

You pick a name, a logo, business cards, a website, and build a product or service. Your idea becomes a real thing as your excitement builds.

The article "The Struggle" pulls excerpts from Ben Horowitz's management book "The Hard Things About Hard Things." Ben Horowitz knows a little bit about how hard it is to build and run a company. Ben co-founded, built, IPO'd, saved from collapse, and sold Opsware for $1.65B. Now he is co-founder of Venture Capital firm Andreessen Horowitz.

> "Every entrepreneur starts her company with a clear vision for success. You will create an amazing environment and hire the smartest people to join you. Together you will build a beautiful product that delights customers and makes the world just a little bit better. It's going to be absolutely awesome."

Phase 3 – Trough of Disillusionment

You're ready to unveil your "baby" to the world. But the world responds far less enthusiastically than you had expected. The downloads, sign ups, and purchases fail to ring in the way you had hoped. And so you struggle to get people to "Add To My Cart", or otherwise engage with your product or service. Anthony Morgan, Founder of Science Everywhere and Freestyle Social, has some advice, as written by Takara Small:

> "Expect a lot of things to go wrong. No one's road to success is paved in gold. You should expect a lot of problems, because when you expect these things you won't panic when they rear their ugly heads. I find keeping that mindset helps me remain calm."

> 📽 *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=30#oembed-3*

Learning from failure is one of the most important lessons for an entrepreneur. In this video Boyd Reid, Michele Young-Crook, and Sarah Butts discuss their "trough of disillusionment" and what they learned from the experience.

Phase 4 – Slope of Enlightenment

This is the phase where the struggle really begins and when your passion for problem solving becomes most important. At this phase, the only thing that will push your venture beyond the Trough of Disillusionment is your hard work. After all, you've put a lot of energy into building a thoughtful business that generates meaningful value for your customers; there must be a way out of this situation. There are no 'silver bullets', no easy answers, and each situation is different, but there is hope. **Module 3.2 – Launching a Beta Product** will cover the tools and best practices for getting your venture off the ground and up the Slope of Enlightenment.

Phase 5 – Plateau of Productivity

The Plateau of Productivity is when your venture has achieved product market fit and is ready to optimize operations and scale growth. That concept will get developed in later modules.

Optional Reading

Farnam Street Blog. "Ben Horowitz: The Struggle."

Grove, Andrew S. Only the Paranoid Survive!: the Threat and Promise of Strategic Inflection Points.

Cutruzzola, Annemarie "The Realities of Being a 2SLGBTQ+ Entrepreneur"

Small, Takara, "Black in Tech: Startup advice from Black founders who made it"

Women of Influence "Lessons Learned"

Section C: Choosing Passion versus Profit and Risk versus Reward

Intrinsic or Extrinsic Motivation

Before launching your venture, you need to understand your motivations for doing so. Specifically, you should consider the extent to which you're **intrinsically motivated** or **extrinsically motivated**? To dive deeper into this concept, **read Brad Feld's blog post** on intrinsic and extrinsic motivation.

Extrinsic motivation outcomes, such as money and recognition, can be extremely fickle and difficult to achieve, especially in the earliest days of a new venture when you need sustainable motivation the most. Intrinsic motivations, like passion and problem solving, often sustain entrepreneurs through the difficult times when there is a lack of extrinsic motivators.

While every entrepreneur will possess a mix of motivations, this module makes a case for being intrinsically motivated and passionate about solving your problems as a method for surviving the roller coaster of ups and

downs. Please note that being intrinsically motivated is not an absolute law, nor should it be applied to all people or situations.

Co-founder of PayPal and Facebook investor, Peter Thiel, shares his view on motivations from an investor's perspective, as written by Greg Ferenstein:

> "I'm nervous about people who say they want to be an entrepreneur. That's like saying I want to be rich or I want to be famous. You don't want to start a business for the sake of it, but because there is a problem that cannot be solved in existing structures."

What's Your Passion?

Intrinsic motivations help you stay motivated during hard times, but every company needs profits. This Venn diagram shows the ideal intersection of passion, skills, and being paid for your value creation (meaning there is demand for your skills).

> 📄 *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=30#oembed-4*

Intrinsic, extrinsic, or a mixture of both? Sinan Mohsin, Nick Baksh, and Tenille Spencer discuss their motivations for becoming entrepreneurs.

Plan

Take a few minutes to fill in this Venn diagram to help identify your motivations.

> 📄 *An interactive H5P element has been excluded from this version of the text. You can view it online here:*
> *https://ecampusontario.pressbooks.pub/brillianteddi/?p=30#h5p-4*

Ikigai Venn Diagram (fillable PDF)

Risk versus Reward

You will know that, in business and in investing, risk drives return. If you want a big reward, you have to take a

big risk. When launching a new venture, aside from the obvious financial risk, you cannot forget the emotional risk which will often display itself through stress.

Read this blog post by Paul Graham, co-founder of startup accelerator Y Combinator, about the pain of the wealth creation process when starting a company.

Pause

Reflect on the following quote from the Paul Graham blog post. Do you agree with this quote? Is this version of entrepreneurship appealing to you?

"Economically, you can think of a startup as a way to compress your whole working life into a few years. Instead of working at a low intensity for forty years, you work as hard as you possibly can for four."

Section D: What Type of Entrepreneur Are You?

Activity

Take a few minutes to complete the Shopify Survey called **"The Founder's Zodiac: What Type of Entrepreneur Are You?"** Once you have completed the survey, read the corresponding link below to learn more about your Founder Zodiac as classified by Shopify.

The Mountaineer: Growth-Minded, Optimistic, and a True Visionary

The Trailblazer: Passionate, Creative, and a Natural Leader

The Cartographer: Reliable, Disciplined, and Obsessed with Detail

The Firestarter: Outgoing, Risk-Taking, and Master of the Pitch

The Outsider: Serious, Consistent, and Skilled at Your Craft

This Shopify survey is very general, but it may help you understand where you sit in the spectrum of entrepreneurial styles.

Pause

Do you think the Founder's Zodiac sign you received describes you accurately? Why or why not? If not, which sign do you think you should have received?

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> *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=30#oembed-5*

Hanna Haponenko, Sinan Mohsin, and Martin Magill reflect on their results from the Founder's Zodiac survey.

Optional Reading

Winter, Dayna, "The Founder's Zodiac: What Type of Entrepreneur Are You?"

Section E: What's Your Motivation?

In this module we explore the difficult reality of starting a company and the additional challenges for those from underrepresented communities. This module focuses on intrinsic motivation and passion as a way to survive the ups and downs of the startup roller coaster.

> ### *Pause*
>
> Take a few minutes to think about the problem you are passionate about and your motivations for wanting to start a company to solve that problem. Here are a few questions to answer:
>
> · Are you intrinsically motivated or extrinsically motivated? List a few of those motivations.
> · What are you passionate about?
> · How do your skills align with your passion?

Quiz

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https://ecampusontario.pressbooks.pub/brillianteddi/?p=30#h5p-1

1.2 - Who Might Be Involved in Your Venture

Building a company is hard. It requires long hours and diverse skill sets. Having a co- founder is a common way to share responsibilities, to build complementary skill sets, and to smooth out the emotional ups and downs.

This module will cover the following topics:

A. Having a Co-Founder
B. Understanding Your Entrepreneurial Function
C. Choosing Your Board of Directors, Advisors & Mentors

By the end of this module, you will be able to:

- Assess the pros and cons of having a co-founder
- Examine the three core skill sets involved with developing a startup
- Identify the roles and responsibilities of various actors in a venture

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Section A: Having a Co-Founder

Any friendship or relationship has its pluses and minuses; having a co-founder or business partner is no different.

Consider the following benefits and challenges to having a co-founder.

Benefits

Contribution Of Resources

- **Time and energy:** Each new partner offers labour, energy and ideas to speed up the venture. Multiple co-founders can also conquer the seemingly endless list of tasks.
- **Money or startup capital:** Potential co-founders can bring startup capital to cover early expenses.
- **Network:** Adding co-founders expands your company's network of potential customers, investors, and employees.

Complementary Skill Sets

The next section covers the variety of skills needed to launch a new venture. For example, engineering, sales, and strategy are the most common skills needed in a venture's earliest days. It's rare for one person, however talented and experienced they may be, to have all the necessary skills.

Diverse Perspectives And Opinions

This TechCrunch article highlights the clear benefits of a diverse founding team:

> "Diverse teams perform better. First Round Capital found that, over 10 years, teams with at least one female co-founder performed 63 percent better than male-only teams. Racially diverse teams also perform 35 percent better than their industry peers. Yet only 8 percent of venture capital money is going to women-led companies, and 1 percent is going to companies with a black founder. While black and Latina women in particular are behind 80 percent of new female-led companies, they capture a meager .2 percent of VC funding."

Pause

What resources, skills, and perspectives do you bring to your venture? What would you want a co-founder to bring?

Sharing Responsibilities, Decision Making & Stress

As discussed in the last module – The Start Up Roller Coaster – getting a company off of the ground can be a lonely, difficult and stressful process. Many entrepreneurs succeed on their own, but having a partner can make the process a lot easier.

A partner can help with decision-making. You may think your idea or strategy is the greatest ever, but smart entrepreneurs know the benefit of a second set of eyes, ears and thoughts. Having a partner helps vet ideas and strategies to ensure the approach is well thought out and sound.

Make no mistake, however: deciding to work with a partner or co-founder differs from hiring a senior employee. With a senior employee you give direction and monitor performance; with a partner you share responsibilities, decision-making, successes and, yes, stress. Senior employees, no matter how dedicated or skilled, don't share the full emotional stress of running a business.

Investors Often Favour Teams

For the reasons mentioned above,professional investors often favor investing in teams rather than solo-founders. This isn't a law; solo-founders can successfully raise outside capital, but often with more difficulty.

Review this TechCrunch article by Haje Jan Kamps which provides two viewpoints, breaking down the data to show that solo-founders have been more successful in raising capital and selling their ventures than larger founding teams, while recommending having a co-founder.

> — *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=51#oembed-1*

Hanna Haponenko, Sarah Butts, and Martin Magill share their opinions on the many advantages of having a co-founder.

Challenges

Differences In Values & Communication Styles

Partnerships, like any relationship, can expose differences in opinions, values, motivations, work styles, and communication styles. When looking for a partner on a new venture these differences need to be discussed as early as possible.

Review this article from Crunchbase by Sami Rusani and consider the tricks it outlines for assessing a new partner.

Commitment To The Venture

Another common source of tension: differences in each partner's commitment. This difference in commitment can arise from waning interest in the project, pressing family commitments, or differences in motivation and values.

Co-founders can make your business succeed. When choosing a co-founder, however, you need to choose right the first time, as Paul Graham shares:

> "Co-founders are for a startup what location is for real estate. You can change anything about a house except where it is. In a startup you can change your idea easily, but changing your co-founders is hard."

> *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=51#oembed-2*

Having a co-founder can have its disadvantages as well. Hanna Haponenko, Sarah Butts, and Boyd Reid share their insights on some of the disadvantages of having a co-founder.

How to Know if it Will Work With Your Co-Founder

In a lot of ways, having a co-founder is like being married. You make a multi-year commitment to a partnership to share in the responsibility, stress, and ups and downs. You will spend a lot of waking hours with your partner

and you will need to get along for the sake of the company. Here are a few areas to explore with a potential partner before becoming committed to each other.

- What are their motivations for starting a company? Are they intrinsically motivated to solve a problem, or are they extrinsically motivated by money?
- What is their vision for the venture? Do they want to create a small company that sustains their lifestyle, or do they want to build a billion dollar company?
- How do they like to work and communicate? A company's culture is set from the top, built on the values held by the founding team. It's important for partners to align their values in the earliest days of the company.
- When determining what the company values in order to determine how it gets work done, it's best to prioritize some values over others. For example, does the company value speed over accuracy?

Airport Rule

Picture yourself stranded in an airport, seated next to your partner or co-founder for 24 hours straight. How might that day play out? Could you get along for long periods of time, in close contact, during stressful times?

Finding a Co-Founder

Analogous to marriage, there is no easy solution or formula for finding the right partner. Co-founding often happens in a very organic way, as two or more people come together around a common goal or set of values. Also like marriage, it is best to move slowly through this process; maybe you need to "date" first before you jump into the venture?

There is no perfect solution for finding a partner, but there are services to assist in corporate matchmaking like the CoFoundersLab.

Optional Reading

Farley, Shannon "Why we need diverse founder and funding teams and how to find them"

Hellstern, Meghan, and Kim de Laat "Growing Their Own Way: High-growth women entrepreneurs in Canada

Coyle, Daniel. "The Culture Code"

Section B: Understanding Your Entrepreneurial Function – Hipster, Hacker, and Hustler

When starting a new venture it is important to consider the three core functions of a successful business: determining the business strategy, building the product or service, and selling the product or service. These three core functions often fall into these early job titles:

1. Set the vision of the company – Chief Executive Officer (CEO)
2. Build the product or service – Chief Technology Officer (CTO)
3. Sell the product or service – Chief Revenue Officer (CRO) or VP Sales

In modern startup culture these three functions have been coined the Hipster (design), Hacker (engineering), and Hustler (sales and strategy).

Review this Forbes article written by Andy Ellwood which dives deeper into the Hipster, Hacker, and a Hustler concept.

In reality, the three job functions can be split across two people. For example:

· Product or service focused CEO: Job 1 and 2 can be done by the same person – think Mark Zuckerberg
· Sales focused CEO: Job 1 and 3 done by the same person – think Steve Jobs

Pause

What skills do you have that align with any one of more of these roles?

Section C: Choosing Your Board of Directors, Advisors, and Mentors

It takes a village to build a startup, and advisors form a big part of a startup's development. This might include a Board of Directors or Board of Advisors.

Board of Directors

When you incorporate a company you need to define your corporate legal structure: namely your Shareholders, Board of Directors, and Management. A board of directors has a fiduciary responsibility to act on behalf of the shareholders in governing the overall enterprise, and in overseeing the management team. The CEO reports to the board of directors during regular board meetings.

When a startup is incorporated, the shareholders, board members and founding team may be one and the same. It's often much later in the startup's life, perhaps at the stage of fundraising from external investors (e.g.

Series A financing), that the board of directors becomes formalized with regular meetings and structure. At this later stage, investors and seasoned independent advisors may be added as board members.

Board of Advisors

A board of advisors serves as an informal group of advisors and industry experts that provides guidance and advice to the management team; such advisors can also open doors to key industry leaders. Often these advisors offer years of experience in a specific field, or can fill skill sets missing in the founding management team. A board of advisors is, however, not part of the corporation's legal structure.

What to Look For in Advisors

When asked to provide advice, many mentors, advisors, and coaches often tend to provide their opinions on which market to tackle, or what product or service-features to build. Advisory opinions, however, can cause a few problems:

1. Unless the advisor has built this exact type of business before, they will never know your business better than you do.
2. Advice from multiple advisors can conflict, leaving the founder confused on which advice to follow.
3. Opinions disguised as advice are still opinions, not facts. No matter the opinion expressed, it represents only one data point in a spectrum of perspectives.

📇 *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=51#oembed-3*

Surrounding yourself with the right people is crucial to the success of your business. In this video Boyd Reid, Nick Baksh, and Michele Young-Crook share what characteristics they look for in mentors, investors and co-founders.

The best advisors respect the founder's depth of knowledge of their own business, and provide the founder with disciplined thinking and sound logic; they often prove useful in challenging and validating the founder's assumptions when helping to make decisions.

Quiz

📇

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https://ecampusontario.pressbooks.pub/brillianteddi/?p=51#h5p-2

1.3 - Engaging in Design Thinking & Ideation

Design Thinking is a powerful exercise to understand, articulate, and test the customer problem and potential solutions. Design Thinking brings clarity to what product or service you should build, for whom, and why. This module familiarizes you with the elements of the step-by-step Design Thinking process.

   This module will cover the following topics:

A. Moving From Idea to Action
B. Social Enterprise
C. Following the Seven Step Design Thinking Process

By the end of this module, you will be able to:

- Identify the elements of social enterprise
- Articulate venture ideas using the Design Thinking process

Section A: Moving From Idea to Action

Motivations

Before getting too far into developing and testing a new idea, you should reaffirm your motivation, and that of your potential co-founders, in spending time on this new venture.

> *Pause*
>
> Returning back to module 1.1, The Start Up Roller Coaster, think about your team's and your own motivation for moving forward with this idea.
>
> - Are you passionate about the problem?
> - Do you just want to make money?
> - From Courtney Reum, Co-founder of M13: What does success look like? [1]
>   - Is it to provide a nice lifestyle or build a billion-dollar business?

There are no wrong answers, but it's important to be honest and authentic about your answers so everyone has the same expectations going forward.

   Other questions from Courtney Reum include:

- What makes you unique?
- Why you and your team?
- Why now as opposed to anytime in the past?

These questions will later inform both your sales and investment deck.
(See [Module 2.4 Presentations Pitches] for more info)

Building a New Venture Step-by-Step

This step-by-step process outlines the launch of a new venture. Depending on the idea, product/service, team and customer, this process can take anywhere from two months to nine months.

1. Defining motivations and objectives of the new venture
2. Ideation using Design Thinking – Covered in 1.3
3. Develop customer profiles – Covered in Start 2.2
4. Customer development interviews – Covered in module 2.3
5. Business Model Canvas – Covered in Start 2.5
6. Building the Minimal Viable Product – Covered in module 3.1
7. Getting early users and customers – Covered in module 2.3

Incorporation

Incorporation represents an important step, but once formed a corporation takes a lot of work to maintain. You need to complete your business registration, file taxes and maintain accounting and legal records. Delaying incorporation works for two reasons:

1. You don't need a legal corporate entity to plan, validate, talk to potential customers, or put together a quick prototype to test things out.
2. What if you try to validate the idea and it doesn't fly? Now you're stuck with a corporation to maintain, and for which you need to file taxes.

Optional Reading

Author, Guest. "Your VC Needs A Billion Dollar Exit. You Do Not."

Section B: Social Enterprise – An Idea to Consider

What is a Social Enterprise?

A social enterprise can be many things – the term often refers to businesses or non-profit corporations that use market mechanisms to achieve a social mission. Social enterprises may include the following qualities:

- Organizations that apply commercial strategies to solve a problem in areas of social, environmental or financial well-being (Centre for Social Enterprise, 2020)
- Organizations that can be structured as a for-profit or non-profit
- They may set both business and social goals
- They may be created to further social changes
- Social enterprises have social objectives as their primary purpose. They may seek to earn profits while maximizing benefits to society. Profits, in this kind of organization, may fund social programs (Barone, 2020)

Non-Profit and For-Profit

A non-profit organization (NPO) is a non-business entity whose purpose furthers or fulfills a social cause. Non-profits can generate income in order to maintain operations, but making money is not their primary purpose. Any extra revenue is used for their social cause and not distributed to shareholders, executives, etc. In many jurisdictions, non-profits are tax exempt and often resemble charitable organizations, such as the World Wildlife Fund (WWF) and Amnesty International. Non-profits can also include private foundations such as The Bill and Melinda Gates Foundation.

A for-profit business or organization, of course, generates a profit. Although opposite to a traditional social enterprise, for-profit social enterprises can and do exist. For example, a for-profit social enterprise's main goal may still be to earn money, but its core mission and values aim to make a positive social impact in society. A company could have a social impact ideology from the start, or existing companies can transition to becoming socially aware over time. The for-profit organization model has grown in popularity in recent years. For example, many tech companies in Silicon Valley have adopted a for-profit social enterprise model.

For example, Change.org, a multi-million dollar company, allows users to create campaigns to mobilize supporters around issues they care about. Pigeonly uses Voice over Internet Protocol (VOIP) to help prisoners communicate with their loved ones and send photos inexpensively.

How do they work?

Since social enterprises do not operate like a purely for-profit organization, it can be difficult to raise funds to achieve their goals. Many rely on donations from the public or from foundations to continue to operate. Those revenues, however, may not meet the organization's needs, and many social enterprises must diversify their fundraising. For example, some organizations will garner income through government grants; social enterprises may also seek sponsorship from corporations (Socap Digital, 2017). As well, a non-profit may charge fees for its services, or even sell merchandise to generate income.

Challenges Social Enterprises Face

1. **Inconsistent access to capital**: Social enterprises rely on funding through various avenues such as donations and government grants. This is not guaranteed income as governments may cut funding to their grant programs. Additionally, donations can fluctuate, and funding may fall short of sustainable levels.(Forbes, 2018).
2. **Alignment with investors**: The people or organizations who provide financial support can influence a social enterprise's goals. A social enterprise may feel pressured to follow their investors' goals, which might clash with the mission of the social enterprise. And, if the organization balks at what their investors want, it may risk losing funding.
3. **Non-transparent reporting**: A social enterprise is not easy to run and some might say they can be even more difficult to manage than a traditional business. How the organization chooses to report on its activities and outcomes can often influence the continued support and advancement of a social enterprise and its mission. If the organization or a particular project does not show quick results the enterprise may be seen to have failed; that, in turn, may impair donations. On the other hand, if the organization over-inflates its successes, it may later get embroiled in a scandal that damages its reputation. Societal changes take time, and unexpected circumstances can arise. Reports that fail to show results, whether or not it's due to unforeseen circumstances, can greatly affect whether the social enterprise will receive and maintain support. (Pebblemag, 2017).
4. **Retaining social purpose**: The purpose of a social enterprise can go astray over time. Changes in leadership and influence from external factors are two reasons that the purpose can drift from the original intent. Social enterprises need to have clear missions, and plan consistently to succeed. Changes to plan execution will happen over time, but the organization's overall goals should not change.

Types of Social Enterprises

There are numerous types of social enterprises with various goals. Some common social enterprises include:

1. Charities
2. Non-Governmental Organization (NGO)
3. Community organizations
4. One for one/Donate Portion of Proceeds Model

Charities

Although charities and non-profit organizations differ in terms of structure and tax treatment. As the definition and rules of a charity vary from country to country, we will only discuss what defines a charity in Canada. According to the Canada Revenue Agency (CRA):

> "charities are charitable organizations, public or private foundations that are created and resident in Canada and must use their resources for charitable activities and have charitable purposes that fit into one or more of the following categories:
>
> - The relief of poverty (i.e. food banks)
> - The advancement of education (i.e. colleges, universities)

- The advancement of religion (i.e. places of worship)
- Other purposes that benefit the community (i.e. libraries, animal shelters)"

Charities must be registered and provide donation receipts in order be free of income tax. It is important to note that if an organization operates as a charity, whether registered or not, **it cannot be considered a non-profit organization**.

Non-Governmental Organizations (NGOs)

An NGO is a non-profit entity that functions independently of the government. NGOs can be set up to fulfil political and/or social causes. The organization's size and scale can range from a local community effort to an international organization, and can be staffed by volunteers or paid employees. The World Bank differentiates "operational NGOs" from "advocacy NGOs". Operational NGOs tend to focus on development projects, such as building wells and irrigation systems in countries with little access to clean water. Advocacy NGOs, on the other hand, promote particular causes such as human rights. (See Future Learn for more discussion of the types of NGO organizations.)

Like many social enterprises, NGOs rely on many different avenues of resources to fund their organization. Some of these resources include grants, membership dues, donations and revenue from goods/services.

Some well known NGOs include:

- The Red Cross
- Unicef
- The World Wildlife Fund (WWF)
- Save the Children
- Amnesty International

Community Organizations

Community organizations are made up of citizens in a community who come together to address a social problem within their local area, such as helping to provide resources and housing for the homeless. Community organizations can collaborate with the government and private entities to achieve their objectives. (Future Learn)

One-for-one/Donation of Proceeds Model

The "one-for-one" model is popular with many companies, and for some, it defines their company brand. TOMS for instance provides a pair of shoes to a child in Ethiopia for every pair purchased. Canadian company, Tentree, has a similar model that plants trees in return for particular purchases. The "donation of proceeds" model donates a portion of proceeds to a charity or some other organization. For example McDonald's donates ten cents from every Happy Meal to its Ronald McDonald House organization, a non-profit that "supports programs that directly improve the health and wellbeing of children." (Future Learn)

Examples of Social Enterprises

Rootworks is a not-for-profit organization that provides drinking water to areas susceptible to drought in Somalia and Ethiopia. Rootworks was part of the Brilliant Catalyst in 2018 and since then has made a documentary called The Water Project to help raise funds to build sand dams in east Africa. Rootworks has also partnered with Excellent Development, a non-profit that builds sand dams, and the American Relief Agency for the Horn of Africa.

Visit Rootworks: https://rootworks.org/whywater

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Enactus, a not-for-profit community of students, academic and business leaders from around the world, uses social entrepreneurship to improve the lives of people in their community and/or abroad. Enactus teams are established in over 1700 campuses globally, helping more than 1.3 million people through each team's social enterprises.

Start Your Own Social Enterprise

Social entrepreneurship begins with an idea that would bring positive change to society. Everyone has ideas that could change the world; what separates a social entrepreneur from others is action. A social entrepreneur refuses to think of themselves as just an "ordinary person", without the potential to do good. They understand that anyone can be a leader and achieve their goals.

Before starting a social enterprise, you should:

1. Have some knowledge in the area/problem you are trying to solve
2. Have a plan and alternatives for what you want to achieve
3. Have realistic expectations
4. Have a method of determining the impact of your efforts
5. Form the right team to work with
6. Improve your financial literacy

Optional Reading

- BC Centre for Social Enterprise. "What is social enterprise?"
- Barone, A. "The aims of social enterprises"
- Wilson-Powell, Georgina. "5 essential tips for setting up a social enterprise"

Section C: Following the Seven Step Design Thinking Process

Review the linked resource on Design Thinking by Jennifer Nichols and Niamh Wallace.

If you are at the stage to begin designing, please record your responses to the questions and prompts through the seven Design Thinking steps.

Notice / Understand

The "Notice" or "Understand" stage comes at the start of the seven step Design Thinking process. Before starting to empathize with your user, it is important to recognize and understand who you are, who your user is, and how you are both connected.

Take this time to ask a few questions about the industry, organization or individual that you are solving a problem for. What are the goals of your stakeholder? What is the background or origin of the problem? Has a solution to the problem been implemented before?

This stage focuses primarily on surface-level research, while the Empathize stage focuses on gaining a deeper understanding of the problem being solved and how that problem impacts your stakeholders.

Empathize

During the 'Empathize' step you are trying to gain an empathic understanding of the problem you are trying to solve and an initial understanding of who you are trying to solve it for. Try to put yourself in your customer's shoes, especially on an emotional level. What kind of problems do they have and how do they feel about those problems? How do these problems fit into their everyday life and why do these problems exist? The 'Empathize' step will also help inform your customer profile in the next module.

> One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=62#oembed-2

Tenille Spencer, Sinan Mohsin, and Hanna Haponenko discuss the importance of empathizing with your customer or user while designing and developing your product or service.

To help guide the 'Empathize' step, frame your understanding of the problem and the customer around:

a. What does the customer say about the problem?
b. What does the customer think about the problem?
c. What does the customer do about the problem?
d. What does the customer feel about the problem?

Define

Now you need to clearly define a single problem to focus on. When defining the problem statement you should:

1. Identify the gap between the current state of reality (problem) and the desired state (end goal).
2. Frame the problem from the customer's perspective – not from your solution's perspective – by answering the four "W's":

   a. Who is experiencing the problem?
   b. What is the problem?
   c. Where does the problem present itself?
   d. Why does it matter? (Why is it important that this problem be solved?)

The answer that comes out of the 'Define' step will inform the value proposition section of the Business Model Canvas.

Ideate

During the 'Ideate' step you will generate different ideas for solutions that could be created to solve the customer problem.

As a word of caution, this step is ONLY for brainstorming and not to define the actual product.

During modules [2.2 Validation] and [2.3 Customer Interviews] we will explore options for what the minimum viable product (MVP) should look like.

Essentially, the 'Ideate' stage is an opportunity for free thinking exercises to question assumptions of what a solution COULD look like. During this stage you want to explore all options for potential solutions regardless of how silly or unlikely they could be.

Prototype

Pick one of your potential solution ideas from the 'Ideate' step and scale it down into a potential prototype that COULD be tested with users. To stress test the prototype, it's important that it actually solves the problem for the customer defined in the 'Empathize' and 'Define' stages.

Test

At the testing stage you take the developed prototype to test with users. This activity is beyond the scope of this module, but will be touched on in future modules.

Reflect

Design Thinking is an iterative process, which arguably makes reflection the most important stage in the process. After you have tested your solution with users, take some time to reflect on the process as a whole.

- What went well?
- What area could you improve on?
- What did you learn from going through the process?
- What assumptions did you make during the process? Were any of your assumptions proved wrong?

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=62#h5p-3

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STAGE 2: HOW TO VALIDATE AND EXECUTE YOUR IDEA

Introduction

Stage 1 focused on understanding your motivations for pursuing entrepreneurship. It also introduced you to the concept of an "entrepreneurial journey", as well as to the importance of early planning for your venture.

Now that you have a deeper understanding of entrepreneurship beyond the Oxford Dictionary definition, this stage will introduce key entrepreneurial concepts and tools as you continue on the entrepreneurial journey. In other words, if Stage 1 had a heavy focus on the idea, Stage 2 is all about execution.

Michael Dell, Founder of Dell Technologies, once said "Ideas are a commodity. The execution of them is not." Without a solid plan and foundation, your idea will fail. This stage will introduce important topics in entrepreneurship such as validation, customer profiles, customer interviews, pitch decks and the "Business Model Canvas".

As with Stage 1, please recognize that everyone will experience these concepts differently. Contrary to Stage 1, however, these differences will stem from your unique idea, sector, or customer. Certain customers are harder to reach, some sectors are much more competitive, and many ideas don't make it past validation. No matter the challenges you face throughout this stage, remember that ups and downs are part of the entrepreneurial journey.

Objectives

By the end of this stage, you will be able to:

- Understand the importance of validation in the entrepreneurial journey
- Evaluate whether your business idea is worth pursuing
- Create a Business Model Canvas

Activity

Before starting this stage, Pause and think about the following questions:

- What is your business idea?
- Who are your competitors?
- Why do you think your idea is better than the existing solutions?

Required Reading List

(in order of appearance)

Module 2.1

Woods, Dan, "What Does The Word Startup Mean in 2018?" Forbes Magazine, November 30, 2018.

2.1 - How to Validate

Jessica Livingston, Co-founder of Y-combinator said "Nothing else you do will matter if you are not making something people want. You can be the best spokesperson, the best fundraiser, the best programmer, but if you aren't building a product that satisfies a real need, you'll never succeed."

This module highlights the importance of validating your proposed solution before going too far down the path of development and prototyping. Successful start-ups find the right solution to a well defined problem, and confirm that solution through research and significant deep thinking. You will find, however, that your upfront work of validation will become an ongoing part of your entrepreneurial journey.

By the end of this module, you will be able to:

- Outline the problem you are trying to solve
- Summarize assumptions about the problem you are trying to solve

Section A: More Questions than Answers

As a founder of a startup, you are doing something new. This means you will likely make some mistakes or lose direction along the way. So get comfortable with uncertainty and questions, because a startup founder's job is to search for answers and to figure things out. **Read this article by Dan Woods from Forbes Magazine.** In this article, entrepreneurial expert, Steve Blank, says "A startup is an organization formed to search for a repeatable and scalable business model."

> *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=98#oembed-1*

Martin Magill, Michele Young-Crook, Nick Baksh, and Tenille Spencer provide their perspective on uncertainty in the startup world and the role founders play in figuring things out.

Section B: Validating your Problem and Solution

Potential activities in the first year of a startup's life include validating different parts of the business: from the problem, solution, and distribution channels, to the revenue model, and validation. This is an ongoing process.

To survive, a startup must do four things:

1. Solve a problem. This is the easy part.
2. Solve a problem worth solving. This means a customer will want to pay money for the solution. This is

where most startups fail.
3. Have the right solution to the problem. A lot of startups miss this target too.
4. Build a minimal viable product (MVP) to test the hypotheses of points 2 and 3.

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Startup founders Hanna Haponenko, Michele Young-Crook, and Sarah Butts share some insights on how they identified a specific problem, and the solutions they found to solve those problems.

Hard Truths

As Jessica Livingston says "If you aren't building a product that satisfies a
  real need, you'll never succeed." The key words in that quote are "satisfies" – meaning having the right solution
– and, "real need" – meaning a problem that a customer cares about solving.
  Take a few minutes to watch this video of Steve Blank, the godfather of Lean Startup, as he talks about validating with customer development.

> 📄 *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=98#oembed-3*

Pause

  Think about the assumptions you have about your business idea. How will you test these assumptions during the validation process?

Next Steps – Validating with Experiments

After the problem and solution are validated, and the MVP gets built, then people need to use it. The next stage in the validation process is to run experiment testing:

- Channels – These are often marketing and sales channels used to reach the customer segments. For example, these can be social media platforms or B2B sales. You will learn more about this in module 3.2.
- Business model – How do the revenue streams fit with the cost structure? Can resources or activities change to make the business model more efficient or profitable?

- Revenue Streams – How do you charge for your product or service? Subscription? Pay-per-use? Transaction fee? Think about YouTube, Netflix and Apple Movies. All of them stream video, yet each company charges differently based on its unique customer experience:
  - YouTube – Advertising
  - Netflix – Subscription
  - Apple Movies – Pay-per-view

"I've rejected the startup dogma that you have to move fast and break things, or always be "crushing it" or "killing it". I'm doing none of those things. I'm building a thoughtful, empathetic FinTech business from the ground up. It's slow going."

Optional Reading

Livingston, Jessica. "How Not to Fail: Founder Stories." Y Combinator.

"The Top 20 Reasons Startups Fail." Edited by CB Insights

Section C: Identifying Your Customers

In order to accurately identify your problem and test your solution, you must identify your customers. This part of the validation process includes these steps:

1. Build targeted customer profiles – covered in module 2.2
2. Frame the problem into a hypothesis or a question.
3. Consider the underlying assumptions to the problem. What needs to be true for this to be a problem?
4. Draft questions or talking points to test those assumptions with potential customers,
5. Find potential customers – Where do they spend their time? What do they pay attention to? – covered in module 2.2.
6. Talk to potential customers – covered in module 2.3
7. Update Business Model Canvas with learnings and insights from customer development interviews – covered in module 2.5

Remember that validation will become an on-going process as you develop your business.

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://ecampusontario.pressbooks.pub/brillianteddi/?p=98#h5p-5

2.2 - Building Customer Profiles

Regardless of whether you sell to consumers or to other enterprises, every startup sells to people. That's why you need to understand your potential customers' motivations and needs up front, even before you launch your startup.

This module covers:

- The importance of customer profiles and how they are used
- Elements of a customer profile
- Do's and don'ts of creating a customer profile

By the end of this module, you will be able to:

- Identify the key elements of a customer profile
- Identify the uses of a customer profile
- Prepare questions for customer development interviews

Section A: Why Customer Profiles Are Important

The goal of any startup is to create value for a customer–and to get paid to create that value. A detailed, thorough, and robust customer profile ensures you will create meaningful value.

The customer profile feeds into many other early activities of launching a startup:

1. It informs the Customer Segment section of the Business Model Canvas (covered in module 2.5), which needs to align to the Value Proposition section in the Business Model Canvas.
2. It helps to inform how you will find potential customers for customer development interviews (covered in module 2.3)
3. It informs the Channels section of the Business Model Canvas, describing the marketing and sales channels used when you are ready to launch and get in front of customers (covered in module 2.5)

Section A: Why Customer Profiles Are Important

The goal of any startup is to create value for a customer–and to get paid to create that value. A detailed, thorough, and robust customer profile ensures you will create meaningful value.

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2. It helps to inform how you will find potential customers for customer development interviews (covered in module 2.3)
3. It informs the Channels section of the Business Model Canvas, describing the marketing and sales channels used when you are ready to launch and get in front of customers (covered in module 2.5)

Hear how startup founders Nick Baksh, Boyd Reid and Tennille Spencer identified the target customer for their businesses.

Optional Reading

Gynn, Ann. "How to Do Diverse and Inclusive Content Marketing That Matters"

Olenski, Steve. "Why and How You Need More Diversity in Your Marketing"

Section B: Elements & Do's & Don'ts of a Customer Profile

Think of a customer profile as a few paragraphs that describe a customer's personality and mindset. The goal is to get inside the mind of the customer, not to simply provide demographic data. Here are some do's and don'ts when creating a customer profile:

Do

A good customer profile:

- Features several types of customers. It's possible to have as many as three to five customer segments.
- Asks questions about the customers' motivations. What do they care about? What is important to them?
- Answers questions such as how they spend their time throughout the day. Formulate a daily schedule of how this hypothetical customer might spend their day.

- Gathers information about their hobbies, hopes and fears, and more. What can you learn about their emotions, imagination or intuition, or even their values?
- Includes ways you can get their attention. What do they watch, read, or listen to? Where do they travel, spend time, and hang out?

Don't

- Create the profile quickly. Do not skim over this. This is an important process that ripples through the launch process. It pays to be as thorough as possible. Answers such as "Male between the ages of 18 and 35 who likes sports" is simply demographic information; a good customer profile requires much more detail.

Customer Profiles When Selling to Businesses

If your startup sells to other businesses (B2B) you need two customer profiles: one for the business, and one for the purchaser inside the business.

Business

- What is the customer's industry?
- What size is the business? Approximate revenue? Approximate headcount? Approximate budget size?
- What is the company's motivation for buying your product or service? Cost savings? Competitive advantage?
- What department would you sell into? What is the job title of the person you would sell to?

Purchaser

- Ask questions about the individual purchaser's motivations. What do they care about? What is important to them? Getting a promotion? Staying under budget? Getting their bonus this year? Looking good in front of their manager?
- How does the purchaser spend their time in the day? Create a daily schedule of how this hypothetical purchaser spends their day. What are their pain points during their day?

Optional Reading

Nealon, Gary. "How To Identify And Speak To Your Customer Personas."

Francioni, Federico, "The upfront guide to design Inclusive Personas"

Plan

- Who is your customer?
- What do you know about them? Identify 8 to 10 assumptions to validate in the customer interview.
- What do you need to know about them?

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://ecampusontario.pressbooks.pub/brillianteddi/?p=100#h5p-6

2.3 - Customer Development Interviews

The customer development interview offers a powerful tool for validating elements of the Design Thinking exercise (which you did in Stage 1) such as defining the customer problem, arriving at potential solutions, and developing a pricing and revenue model.

This module covers:

- Conducting the customer development interview
- Developing interview questions
- Understanding the customers' problems
- Validating that this is a problem the customers care about solving

By the end of this module, you will be able to:

- Recall elements of the customer interview process
- Develop customer interview questions

Section A: Setting up Interviews with Customers

Finding Customers

Pulling from your work in module 2.2 – Building Customer Profiles, you should have an understanding of who your potential customers are, where they spend their time, and what they pay attention to. Essentially you are trying to answer: what do you need to do or where do you need to go to get in front of them?

Asking for an Interview

Introductions and referrals are always more effective than reaching out cold. Either way, you need to explain to the interviewee who you are and why you want to talk to them. Here are some tips:

- Explain that you are doing user research related to [X] and you want to understand their perspective.
- Do not talk about your idea or solution. You want to hear about the interviewee's challenges. You will learn much more by listening than by explaining the virtues of your solution.
- Ask for a 20 minute interview via phone or in person.

Section B: Structure of the Interview

Now that the interview is taking place here are some tips on how to get the most of the 20 minute interview:

- Schedule the interview with only one interviewee (potential customer). This keeps the conversation authentic and flexible.
- It's best to have two people conduct the interview: one to talk and one to take notes during the conversation.
- From module 2.2 – have 8 to 10 talking points built on assumptions you want to validate. Use your questions and assumptions to guide the conversation.
- Have a conversation; don't simply fire off questions. Imagine you are interviewing a colleague, professor or teacher.
- See where the conversation goes. Maybe the customer says something unexpected into which you want to dive deeper.
- Ask open ended questions and let the customer talk freely. Closed ended questions are "yes" or "no" questions and can result in confirmation bias. Ask "Why?" a lot; it may help you dig into the root of the problem and not just produce surface-level symptoms.
- Ask about the customer, their problems, and needs. Don't talk about your proposed product, service, or solution.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=102#oembed-1

Experienced entrepreneurs Hanna Haponenko, Sarah Butts, and Martin Magill provide advice on how to conduct effective customer interviews.

Plan

Identify the questions you would / will ask in your customer interviews. To start, you can test these questions on family or friends.

Section C: Tips and further reading

As you go through several customer development interviews, you may start to notice that common answers and themes emerge from the conversations. You should aim to conduct 20 to 30 interviews per round of

validation. You'll know you're coming to the end of the validation round when you hear repetitive answers and discover fewer bits of new information.

Optional Reading

Agrahri, Arun. "All the Resources You Need to MasterCustomer Interviews."

Liu, Chuck. "Never Ask What They Want – 3 Better Questions to Ask in User Interviews."

Keller, Raven. "What's the best cold calling script you've found success with when setting up customer interviews?"

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=102#h5p-7

2.4 - Presentations and Pitches

A CEO or founder has a couple of core responsibilities, one of which is communicating the company's strategy and vision–externally to investors and internally to the team. Another responsibility involves selling to clients, recruiting team members, and wooing investors to raise capital.

These responsibilities boil down to selling, communicating, and pitching.

The topics of this module include:

- Elements of an effective pitch deck
- Best practices for creating a compelling presentation
- Elements of a sales pitch vs. an investment pitch

By the end of this module, you will be able to:

- Outline the key elements of an effective pitch deck
- Identify best practices for creating a compelling presentation
- Create a pitch deck

Section A: Elements of a Good Pitch Deck

Best practices related to pitch decks can apply to any presentation regardless of audience, including presentations to customer prospects, to potential and existing team members, or to investors.

Please note: Don't focus on creating too many marketing materials to support your pitch deck. At the beginning, focus on developing some lean marketing material and defining roles; don't waste time overthinking elements that will probably evolve over time such as:

- Job titles – It's important to know who's responsible for what activities, but the actual job titles aren't important at this stage.
- Logo – A logo really isn't needed until you start to find users for your minimal viable product.
- Website – Get a Square Space, Wix, or WordPress splash page up quickly for minimal cost and effort.

10-20-30 & Simplicity Rules

Venture Capitalist, Author and early Apple employee Guy Kawasaki has a simple rule for a good pitch deck, the 10/20/30 rule. This means:

- 10 pages
- 20 minutes
- 30 point – use nothing smaller than 30 point font size

Here is a modified breakdown of the slide order based on Guy Kawasaki's template:

1. **Problem** – The best approach is to frame your problem as a story: who has this problem or why this is a problem. Investors love a narrative because it's more captivating and helps create empathy for the customer and the problem.
2. **Your solution** – What is unique about your solution? Why is this the right time for this solution? What has changed that others before you missed?
3. **Business model** – How do you charge for your product or service? How much does it cost to acquire a customer? How much revenue is generated from a customer after acquiring them?
4. **Customer acquisition strategy** – What does your marketing or sales strategy look like? What channel will you use to acquire customers? How much will this cost? How long is the sales cycle?
5. **Traction** – What have you achieved so far? What does your sales funnel look like? What customer validation do you have? Have you run any experiments and yielded any results so far?
6. **Team** – What domain expertise, industry experience, or special knowledge of this problem or solution gives you a competitive advantage?
7. **Competition** – Who is your competition or what alternatives do your potential customers currently use?
8. **Projections and milestones** – With the investment funds you expect to raise, what will you accomplish over the next 6 to 18 months?
9. **Summary and call to action** – How much are you raising, on what terms? What do you want from the people to whom you are pitching?

A similar approach by Chance Barnett, Founder & Chairman, Crowdfunder.com, recommends the following slide order:

Slide 1: Vision / Elevator Pitch – One-sentence summary of your business and the value that you are providing to your customers. Keep it clear, concise and to the point.

Slide 2: The Problem – Use this slide to discuss the problem that you are trying to solve with your business and identify who experiences this problem. If you don't have a clear problem that you are solving, you will have a hard time convincing your audience about the value of your business.

Slide 3: Market Opportunity – Building on the previous slide, get into more detail about how many potential customers exist, and how you plan to position your company in the market. Be careful not to be too broad with your target market. Showing a large market size is good, but if you aren't specific enough you will deter potential investors.

Slide 4: Product / Service – Introduce your proposed solution to the problem identified in slide 2. You may be tempted to include this slide earlier in the pitch deck but it's important to clearly define your problem and target audience before introducing your product / service.

Slide 5: Revenue Model – Put simply – how are you going to make money? Even if you have a clearly defined problem with a revolutionary solution, if you cannot explain how you plan to make money you will lose interest from your audience.

Slide 6: Traction / Validation – It's time to talk about any sales, early adopters, or interested customers. Showing that you have already obtained interest or buy-in from other parties will go a long way in convincing your audience in the quality of your business.

Slide 7: Marketing & Growth Strategy – How do you plan to attract customers and what will your sales process look like? Identify any key tactic that you plan to use to set yourself apart from the competition.

Slide 8: Team – Highlight the expertise, experience and capabilities of your team. What makes your team qualified to deliver your product / service. The quality of your team can make or break a partnership or investment.

Slide 9: Financials – Use this slide to provide a high-level overview of your financial projections and expected sales for the future. It's important to be realistic when working on these projections and be able to support your financials with sound logic and reasoning.

Slide 10: Competition – Every business has competition. Use this slide to identify other organizations that are

attempting to solve the same problem as you. You can also use this slide to further explain what sets you apart from the competition. Never say "there is no competition". Even the most revolutionary ideas have competition in the form of the existing process. For example, the competitor to the first automobiles was the horse and buggy.

Slide 11: Investment 'Ask' – It's important to end your pitch with a clearly defined 'Ask'. How much funding are you seeking, how will the funding be spent, and how will this funding will support the growth and success of your business.

What to avoid:

- Don't talk about every feature, function, and button.
- Don't use technical jargon. Demand from customers for a solution to the problem is more important than the "AI" or "Blockchain" technology.
- Don't forecast capturing "1%" of the market. This is a lazy approach to market sizing analysis.
- Don't say "everyone" can be your customer. Be focused on a specific target customer profile.
- Don't say you don't have any competition. Every product or service has an alternative even if it's pen and paper.

📊 *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=104#oembed-1*

Pitching your idea can be intimidating! In this video, startup founders Martin Magill, Sarah Butts, and Sinan Mohsin provide some useful tips to keep in mind when preparing for your pitch.

Plan

Open up a program and start drafting your sales pitch. Start with slide headings above.

Optional Reading

Jordan, Jeff, et al. "16 Startup Metrics."

Section B: Sales Deck versus Investment Deck

It's a common mistake for startups to try to repurpose their investment deck for sales purposes. These are two very different tools. A sales deck is directed at the customer problem and the benefits of your solution.

Similarities

- Narrative and storytelling is important.
- Clean design and obvious messaging.
- Follow the 10-20-30 rule.

Differences

- In a sales deck, it's more about the problem and solution, zero about the business.

Sales Deck Format:

1. What is the problem you're solving?
2. Who has it?
3. What are the associated costs of the problem?
4. What are the existing solutions and their shortfalls?
5. What has changed to enable a new solution?
6. How does your solution work?
7. What is the qualitative/quantitative proof that yours is a superior solution?
8. How much does it cost?

Optional Reading

Kazanjy, Peter "To Build An Amazing Sales Team, Start Here First."

Raskin, Andy. "The Greatest Sales Deck I've Ever Seen"

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=104#h5p-8

2.5 - Business Model Canvas

Gone are the days of the 50-page static business plan. The Business Model Canvas is a dynamic single page document that distills the 9 pillars of any business. Learnings from the Design Thinking exercise (Stage 1) can be transferred to the Business Model Canvas to be validated and tested in this module.

By the end of this module, you will be able to:

- Explain the importance of having a clear Business Model Canvas
- Compare the various segments in a Business Model Canvas
- Create a Business Model Canvas for your business idea

Section A: Download the Business Model Canvas

Steve Blank is a co-founder of Strategyzer and is the creator of the Business Model Canvas. You can download a Business Model Canvas from the Strategyzer website to follow along as you work through this section.

Section B: Summary of the Business Model Canvas

Watch the following video which summarizes the elements of the BMC.

> *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=106#oembed-1*

Business Model Canvas Explained from Strategyzer on Vimeo.

It's easy to think about the Business Model Canvas split in half. The right side shows the elements that are customer facing. The left side shows the elements that are internal to the business.

Business (Left Side)

- Key Resources – What resources do you need inside the business to generate your proposed value to your customers? Store front? Website? Staff with specific skills?
- Key Activities – What activities need to happen inside the business to generate the proposed value? Manufacturing? Creating content? Coding software?
- Key Partners – What external partners do you need? Vendors? Distribution channels? Suppliers?
- Cost Structure – What are the costs to run the business and generate your proposed value?

Customer (Right Side)

- Customer Segments – This comes from customer profiles defined in module 2.2
- Value Proposition – Value propositions would come from the Design Thinking exercise in module 1.3. There should be a value proposition for each customer segment.
- Channels – These are often marketing and sales channels used to reach the customer segments (e.g. on-line such as the iTunes app store, distributors, retailers etc.)
- Customer Relationships – Every business creates its own relationships with its customers, ranging from a personal approach to one that meets customer needs through automated services.
- Revenue Streams – How do you charge for your product or service? Subscription? Pay-per-use? Transaction fee?

Important Tips

- The Business Model Canvas is a living document. As you go through the validation process with each of these elements you will update the information.
- It's key that the Value Propositions are aligned with the Customer Segments, otherwise your customers don't care about the value you are trying to create for them.
- It's key that the Revenue Streams are aligned with the Value Propositions, otherwise customers won't want to pay for the value you are trying to create for them.
- It's key that the Cost Structure is aligned with the Revenue Streams, otherwise your business will not make optimal profit.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=106#oembed-2

Boyd Reid, Sarah Butts, and Martin Magill share their thoughts on the Business Model Canvas and its value to entrepreneurs.

Plan

Complete a draft of the Business Canvas Model you downloaded at the beginning of this module.

Optional Reading

Ebinum, Mike. "How To: Business Model Canvas Explained."

Strategyzer. "How Do I Use the Customer Relationships Building Block of the Business Model Canvas?"

Cowan, Alex. "The 20 Minute Business Plan: Business Model Canvas Made Easy."

Blank, Steve. "Don't Seek Publicity Too Soon."

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=106#h5p-9

Work Cited

Woods, D. (n.d.). What Does The Word Startup Mean In 2018? [online] Forbes. Available at: https://www.forbes.com/sites/danwoods/2018/11/29/what-does-the-word-startup-mean-in-2018/?sh=ae32d7b68006 Accessed October 14, 2021].

Livingston, Jessica (n.d.). How Not to Fail: Founder Stories. [online] Y Combinator. Available at https://www.ycombinator.com/library/5l-how-not-to-fail [Accessed October 14, 2021].

Kawasaki, G. (2016). Guy Kawasaki. [online] Guy Kawasaki. Available at: https://guykawasaki.com/the_102030_rule/. [Accessed October 14, 2021].

Barnett, C. (n.d.). The Ultimate Pitch Deck to Raise Money for Startups. [online] Forbes. Available at: https://www.forbes.com/sites/chancebarnett/2014/05/09/investor-pitch-deck-to-raise-money-for-startups/?sh=3bd34a064427 [Accessed October 14, 2021].

Strategyzer AG (2019). Strategyzer | Business Model Canvas. [online] Strategyzer.com. Available at: https://www.strategyzer.com/canvas/business-model-canvas. [Accessed October 14, 2021].

STAGE 3: PROTOTYPING AND TESTING

Introduction

Now that you've validated your idea and have a refined business model, it's time to build and test your solution! Although validation is not the focus of this stage, you will quickly learn that validation is a continuous process and is never truly complete. Throughout your entire entrepreneurial journey it is very important to continue validating your idea, refining your pitch, modifying your business model, and talking to your customers for feedback.

   Just because these steps repeat, does not mean that you have to stop moving forward. Once you are happy with your Business Model Canvas, it's time to take the next step towards bringing your business to market: namely, building the solution to your now clearly defined problem and testing that solution with your customers.

   Stage 3 will dive into some key considerations for the prototyping stage, such as what to focus on when building your first prototype, how to test it, and eventually how to move your prototype to the market. Once again, every entrepreneur's experience with this stage will differ. Some products or services are fairly easy to prototype (software, for example) while others may face extensive regulations, resource limitations, and research barriers. This is the stage where most entrepreneurs get stuck, but, with the tools and resources discussed in this stage, you can limit the barriers, and answer the questions you may run into, while taking this pivotal step in the entrepreneurial journey.

Objectives

By the end of this stage, you will be able to:

- Explain the connection between validation and testing
- Develop a plan for future prototyping and testing of your solution

Activity

Before starting this stage, Pause to think about the following questions:

- What is the product / service you will be testing?
- What is the value proposition you offer to your customer?
- Who will test your product / service?
- How will you reach your customers to initiate testing?
- How will you incorporate feedback into your Business Model Canvas?

Required Reading List

(in order of appearance)

Module 3.1

Quintyn, Rich. "How slack, Dropbox and Spotify achieved product-market fit (and how you can too)."Medium. April 16, 2018.

Module 3.2

Weinberg, Gabriel. "The Bullseye Framework for getting traction". Medium, September 27, 2015.

3.1 - What is a Minimal Viable Product (MVP)?

After elements of the startup have been validated with customer feedback, an MVP needs to be built and launched, to prove the theory behind the development. This module explores the art and science of building an effective MVP for customers to experience. This module covers:

- How to build an MVP without a single line of code
- When to share an MVP with customers

By the end of this module, you will be able to:

- Compare the concept of minimal viable product to "smoke test"
- Develop ideas for a minimal viable product and "smoke test"

Activity:

Before reading on, **Pause** to imagine what the first version of your solution will look like.

- What are the key features of this version?
- What does it look like?
- Who will the first users of your product / service be?
- How close is this version to the final product / service?

Section A: What is an MVP?

MVP stands for "Minimal Viable Product", which is a similar concept to a prototype. The key words in MVP are "minimum" and "viable," meaning an MVP should be small and nimble, but able to do the work.

What's Your MVP?

To start understanding what your MVP should look like, go back to your Business Model Canvas in module 2.5.

Pause

> What value does the customer derive from your product or service? What is the smallest thing you can build and show customers to demonstrate that you can deliver that value?

Note: your MVP is NOT just a cheaper version of your product or service. Your MVP is used to learn about customer reaction to the way your product or service solves your customer's problem and to test your solution's "value proposition."

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=143#oembed-1

Boyd Reid, Hanna Haponenko, and Sinan Mohsin describe the minimal viable product that were developed for their startup companies.

When to launch?

Question: When should you launch your MVP to customers?

Answer: As soon as possible.

As the Founder of LinkedIn, Reid Hoffman says, "If you're not embarrassed by the first version of your product or service, you've launched too late."

At this stage in a startup's life, time and speed are the most important. Get the MVP in front of customers, get feedback, and modify your solution accordingly.

Optional Readings

Kniberg, Henrik. "Making Sense of MVP (Minimum Viable Product) – and Why I Prefer Earliest Testable/Usable/Lovable." January 25, 2016.

Hoffman, Reid. "If There Aren't Any Typos In This Essay, We Launched Too Late!" March 29, 2017.

Tsalani, David. "Your Ultimate Guide to Minimum Viable Product (+Great Examples)."

Section B: Gauging your customers' interest with "Smoke Tests"

Smoke Tests

Smoke tests are sometimes confused with MVPs. Smoke tests are marketing tools used to gauge customers' interest and their intent to purchase. Unlike MVPs, smoke tests don't create or deliver value, but they do assess interest which can provide a different kind of learning. Examples of smoke tests include:

- Landing Pages: a standalone web page designed to convert interested customers into possible marketing targets
- Explainer videos: brief online videos that highlight your company's product, service, or business idea in a compelling and efficient way
- Blog or online community: Engaging text stories that try to create customer interest in your solution.

Plan

Answer the following questions:

- What would a MVP for your solution look like?
- What are some smoke tests that you could use to gauge customer interest in your solution?

Pause

How does this version of your solution differ from the description you provided at the start of this module?

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://ecampusontario.pressbooks.pub/brillianteddi/?p=143#h5p-10

3.2 - Launching a Beta Product

Validation has been a common theme in this startup journey. This stage isn't any
different. After the MVP has been built, the next step allows customers to use it and give feedback on the
product or service. This module covers:
Techniques for testing marketing and distribution channels
Building an early user base
   At the end of this module, you will:

• Recall various channels to acquire a customer base
• Identify relevant channels of the business idea

Section A: 19 Channels of Traction

Gabriel Weinberg, the Founder and CEO of DuckDuckGo, Inc., a privacy search engine and Google competitor,
wrote a book called Traction: How Any Startup Can Achieve Explosive Customer Growth[2].
   In this book, Weinberg defines 19 channels startups can use to market and acquire customers:

1. Targeting Blogs – Getting featured on existing blogs
2. Publicity – Getting featured in publications
3. Unconventional PR – Contests and PR stunts
4. Search Engine Marketing – Paid search ads
5. Social and Display Ads – Paid social media ads
6. Offline Ads – Billboards
7. Search Engine Optimization – Organic search engine optimization through keywords
8. Content Marketing – Writing your own blog
9. Email Marketing – Direct emailing potential customers
10. Viral Marketing – Generating a viral piece of content
11. Engineering as Marketing – Building a calculator or widget
12. Business Development – Building relationships to support sales
13. Sales – Direct sales, often to businesses
14. Affiliate Programs – Compensating other businesses for selling for you
15. Existing Platforms – Promoting on existing platforms like Reddit
16. Trade Shows
17. Offline Events – Hosting your own events
18. Speaking Engagements – Speaking at conferences
19. Community Building – Building your own customer and user community.

Optional Readings

Weinberg, Gabriel. "The 19 Channels You Can Use to Get Traction." September 20, 2015.

Weinberg, Gabriel, and Justin Mares. "Traction: How Any Startup Can Achieve Explosive Customer Growth."

Section B: Experimenting with Channels – The Bullseye Method

In Traction: How Any Startup Can Achieve Explosive Customer Growth, Gabriel Weinberg also lays out a method for running experiments and testing each one of these channels to see which channels are most effective. Weinberg refers to this method as "The Bullseye Method." Review the resource.

Step 1 – Brainstorm All Possible Channel Strategies

For each of the 19 channels, brainstorm a strategy for how your startup can use that channel. For example, if your customer profile targets millennials, for the Social and Display Ads channel you would most likely brainstorm buying ads on Instagram or on Snapchat. If your customer profile targets an older generation, for the Social and Display Ads you would most likely brainstorm buying ads on Facebook.

Plan
What are all the possible channels you can use?

Step 2 – Narrow Down to Probable Channel Strategies

Of the 19 channel strategies you identified in the step before, which are the best ideas? Not all channels have a natural fit as marketing channels for all types of businesses. For example, if you are selling directly to consumers, "Sales" is not a normal fit for your startup, but "Community Building" might be.

Of the 19 channel strategies, pick three channels to move forward with. Use the following criteria to narrow your decisions:

- · Which channels have a natural fit with your business?
- · How much will it cost to run this experiment?
- · How many customers can you reach with this channel strategy?
- · How much will it cost to acquire a customer through this channel strategy?
- · Are these the right types of customers you want to acquire right now? For example,have you selected "early adopters" who demand to solve the problem and buy your solution, or have you chosen "early majority" customers, who get engaged later in the technology adoption cycle?

Step 3 – Set Budget & Run Experiments

Before actually running the experiments on your three top channels, you need to set budgets and design the experiments.

1. How much will each experiment cost?
2. How large an audience can you access?
3. How long will the experiment run? For example, three days or two weeks?
4. How will you know if the experiment is successful? For example, acquire X customers for Y cost per customer in Z weeks?

After considering these elements, what channel(s) might work best?

List the channels you will use.

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://ecampusontario.pressbooks.pub/brillianteddi/?p=146#h5p-11

3.3 - Product Management & Product Road Mapping

As a company stabilizes and grows, it needs to put formalized processes in place for product development and product management. This module covers:

- Making product management decisions
- Prioritizing features and functions in the product road-map
- Building a complementary product / service portfolio

At the end of this module you will be able to:

- Recall traits of an effective Product Manager
- Extend the product / service development timeline by considering the value of team acquisitions
- Describe the importance of product-market fit

Section A: Role of a Product Manager

A Product Manager (PM) becomes the "CEO of the Product." The PM owns the product / service road map, makes decisions, and determines the product / service strategy that meets the best interests of the customer. Traits of a good PM include the following:

- Has a deep understanding of the customer, their needs, and the problem the product or service aims to solve.
- Has the ability to manage tradeoffs between conflicting areas of the business. A PM may need to balance the engineering costs associated with newly added features
- with the business impact of increasing revenue to support these new costs.
- Works with cross functional teams that could include marketing, engineering, design, sales, and data science.
- Sets and manages timelines.
- Works with the sales and marketing teams to manage feature requests, determine sales goals of the product / service, and on product / service messaging.
- Lobbies for additional resources from other departments as needed.

The role of a Product Manager is part lobbyist, part politician, part CEO, and part project manager.

Traits to Look For in Hiring a PM:

- Customer mindset: They aim to solve the customers' problems.
- Ability to prioritize: They determine the trade-offs among product features, revenue, engineering costs,

timelines, etc.

- Ability to execute: They can work with teams to build and ship your product / service efficiently.
- Pulse on the landscape: They understand your particular industry and know what products / services competitors are launching.
- Data driven approach: They use data to make decisions regarding features to build and trade-offs to make.

📽️ *One or more interactive elements has been excluded from this version of the text. You can view them online here: https://ecampusontario.pressbooks.pub/brillianteddi/?p=148#oembed-1*

Finding the right product manager is essential! Watch this video to learn what traits Sarah Butts, Sinan Mohsin, Boyd Reid, and Hanna Haponenko look for when hiring a product manager.

Hiring Managers & Executives

If you are running a fast growing company, your structure may change rapidly. When hiring senior people into management or executive level roles, hire people that would be a good fit for the role over the next 12 to 18 months.

Traits to Look For In Managers & Executives

- Do they have functional area expertise? Do they have credibility in their field and a deep understanding of their craft?
- Do they fit with the current state of the company size and sophistication?
- Do they have a strong network and can they recruit strong people alongside them?
- Do they have experience building and leading teams?
- Do they know what's right for the company at this point in time, even if it's not in their own best interests?
- Do they have an owner's mentality? Can they own their team, department, products?
- Do they have the ability to communicate across, up and down the company? Can they engage with the Board of Directors, other functional teams, and other managers and executives?

Things to Watch Out For:

- Staff are circumventing them: If a manager's direct reports or other team members are seen to be circumventing (or "end-running") a specific manager it may suggest problems with the manager's effectiveness, or could cause slowdowns in work flow or communication.
- They don't take ownership of decisions: Either they are reluctant to decide or don't own the outcome of decisions they made. The key to a manager's role is to create ownership of their team, product and strategy.
- They are too senior for the role: This often shows up in senior sales management roles. It's great that this manager worked for X number of Fortune 500 companies, but they often lack the tactical ability to execute tasks from scratch with few resources.

Section B: Expanding Project Offering – Product to Distribution Shift

Most companies start off launching one product or service into the market. Usually these startups survive on a single product / service by ensuring the product / service is so well developed that it fits the customer's needs better than any other alternative on the market. This causes the startup's competitive advantage to be one of product-market fit. The competitive advantage generated by this strong product-market fit leads to aggressive customer adoption and growth. Eventually the startup will realize that the customer growth is actually the primary asset of the business. This paves the way for future product or service launches and expanded product offerings.

   When it comes to offering new products or services, there are often more products or services to build than resources available. As a company becomes more established, team acquisitions (acqui-hires) and product / service buys become more appropriate. Acqui-hires are a very common tool for expanding a team rapidly and on-boarding a high quality team. Things to think about regarding an acqui-hire or product buy:

- What is the quality of the team? Do they have a track record of building great products or services?
- Does this team bring a unique expertise or skill set that is missing from your current team?
- How much time will be saved buying the product / service over building it?
- How many customers can be acquired along with the product or service? What are the economics of the customer acquisition? How much did it cost to acquire the customers; are these costs in line with your other products or services? How much will this affect revenue?
- How will the strategic landscape change by buying this product or service?

Pause

   Read this article on the product-market fit of Slack, Dropbox and Spotify. Brainstorm any other products/services that you use which have a strong product-market fit.

Optional Readings

Theus, Andre. "7 Tips for Creating Your Customer Advisory Board."

Juncal, Shaun. "Well-Balanced Priorities: Long-Term Roadmaps Vs. Short-Term Roadmaps."

Juncal, Shaun. "How to Recruit Beta Testers."

Newell, Sierra. "Sticking to Your Product Vision Means Saying 'No.'"

Quiz

An interactive H5P element has been excluded from this version of the text. You can view it online here:
https://ecampusontario.pressbooks.pub/brillianteddi/?p=148#h5p-12

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Quintyn, R., 2018. How slack, Dropbox and Spotify achieved product-market fit (and how you can too). Medium. Available at: https://medium.com/swlh/slack-dropbox-spotify-product-market-fit-318838eb7de2 [Accessed December 8, 2021].

Weinberg, G., 2019. The Bullseye Framework for getting traction. Medium. Available at: https://medium.com/@yegg/the-bullseye-framework-for-getting-traction-ef49d05bfd7e [Accessed December 8, 2021].

Weinberg, G. and Mares, J. (2015). Traction : how any startup can achieve explosive customer growth. New York ; London: Portfolio Penguin.

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